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ENGINEER/JENNINGS: Earlier this week, an engineer working for a
ESPIONAGE|Defense contractor in California was charged with trying
to steal some of the America's top-secret Stealth
technology. Well, ABC's Kenneth Walker has learned the
FBI has now begun a formal review of security at the
Northrop Corporation plant in Pico Rivera, Calif. Walker
says there appears to have been serious violations of
security procedures at the plant.

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AP11|HIGH-TECH SPIES/JENNINGS: The FBI also says it has more people in
custody
|CALIFORNIA|on espionage charges than ever before. Many are linked to
the defense industry in California. As ABC's Gary Shepard
reports, it is fertile territory.

SHEPARD: With more than 100 military installations and
over 3,000 companies doing classified work for the federal
government, California is easily the espionage capital of
the United States. The exact number of Soviet-bloc spies
may never be known, but one authority, a 30-year veteran
of the FBI's foreign counterintelligence effort, says the
numbers with diplomatic cover alone are staggering.
HERB CLOUGH (former FBI counterintelligence): I would
honestly judge that at least 50 percent of all the
officials alone are involved in some kind of
intelligence-gathering activity.

SHEPARD: U.S. plans to develop the so-called 'Star Wars'
weapons have made the Kremlin paranoid, according to a
former Soviet KGB officer who defected to the United
States. Moscow has made stealing those secrets its No. 1
priority, he says. Americans in financial trouble who
work for the firms developing that technology are the
prime recruiting targets. And they are often lured into
betraying their country, he says, by the promise of big
money. VLADIMIR SAKHAROV (former KGB agent): And I do
believe some people, not all, but maybe one out of 10,
when his house is about to be lost to a mortgage company,
when his car is being repossessed, where is loyalty going
to be? His loyalty is not necessarily going to be with
United States. His loyalty would be in self-preservation.

SHEPARD: How do Soviet-bloc spies find willing people
with access to the nation's defense secrets? Sakharov
says it's easy. They tap into the nation's credit agency
computer records and find people in serious financial
trouble. The same way, he says, that teenage computer
hackers do it. Gary Shepard, ABC News, Los Angeles.